



Heavy Duty Tandem Disk

#### OFFICERS OF AGRATEC INDUSTRIES LTD.

**Adrian Louis Creurer**  
President and Managing  
Director  
123 Malibou Road S.W.  
Calgary 9, Alberta

**Denis Peter Creurer**  
Executive Vice-President  
Retail Division  
21 Medford Place S.W.  
Calgary 9, Alberta

**James Ronald Findlater**  
Vice-President —  
Wholesale Division  
6212 Lacombe Way S.W.  
Calgary 10, Alberta

**John Albert Boulanger**  
Vice-President —  
Manufacturing Division  
10623 Maple Creek Dr. S.E.  
Calgary 30, Alberta

**Mogens Bay**  
Vice-President —  
Finance & Administration  
Secretary  
710 - 38th Avenue S.W.  
Calgary 6, Alberta

**H. G. Cook**  
Assistant Secretary  
1208 Kerwood Cres. S.W.  
Calgary, Alberta

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Calgary 45, Alberta

**Etienne Andre Creurer**  
4 Grosvenor Boulevard  
St. Albert, Alberta

**William Richard Fulton**  
423 Crescent Boulevard  
Calgary 6, Alberta

**Russell Shemko**  
1340 Osler Street  
Saskatoon, Saskatchewan

**Glenn Cyril Speakman**  
17 Caverley Drive  
Toronto, Ontario

**Frank Joseph Tinevez**  
8631 - 7th Street S.W.  
Calgary 13, Alberta



#### HIGHLIGHTS

	1968	1967
Sales . . . . .	10,707,424	7,611,816
Profit Before Taxes . .	521,013	322,019
Net Income . . . . .	402,501	196,281
Net Income per Share .	51c	39c
Working Capital . . .	2,038,935	593,883
Long Term Debt . . .	1,077,230	314,236
Shareholders' Equity .	2,361,751	941,650
Average Number of Employees . . . . .	190	107
Number of Operations .	14	8

## CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1968

### ASSETS

	1968	1967
<b>CURRENT</b>		
Cash . . . . .	\$ 4,150	\$ 16,209
Accounts receivable . . . . .	1,191,105	490,522
Inventories, valued at the lower of cost and net realizable value . . . . .	4,213,379	2,365,704
Prepaid expenses . . . . .	10,295	17,314
	<u>5,418,929</u>	<u>2,889,749</u>
<b>PROPERTY, PLANT AND EQUIPMENT, at cost</b>		
Land and buildings . . . . .	937,882	544,652
Machinery and equipment . . . . .	366,491	250,396
	<u>1,304,373</u>	<u>795,048</u>
Less accumulated depreciation . . . . .	254,410	148,675
	<u>1,049,963</u>	<u>646,373</u>
DEFERRED INCOME TAXES (Note 4) . . . . .	55,500	-
<b>OTHER ASSETS, at cost less amortization</b>		
Excess of cost of shares of subsidiaries over book value of their net assets at date of acquisition (Note 1) . . . . .	220,658	-
Financing costs and other deferred charges . . . . .	73,925	15,630
	<u>294,583</u>	<u>15,630</u>
	<u><u>\$6,818,975</u></u>	<u><u>\$3,551,752</u></u>


### LIABILITIES

	1968	1967
<b>CURRENT</b>		
Bank indebtedness (Note 2) . . . . .	\$1,005,143	\$ 328,000
Accounts payable and accrued liabilities . . . . .	1,881,602	1,806,062
Income taxes payable (Note 4) . . . . .	180,779	115,564
Current portion of long-term debt . . . . .	312,470	46,240
	<u>3,379,994</u>	<u>2,295,866</u>
LONG-TERM DEBT (Note 3) . . . . .	1,077,230	314,236
	<u>4,457,224</u>	<u>2,610,102</u>

### SHAREHOLDERS' EQUITY

<b>SHARE CAPITAL (Note 5)</b>		
Authorized - 1,250,000 common shares no par value		
Issued - 789,125 shares . . . . .	1,678,850	661,250
RETAINED EARNINGS . . . . .	682,901	280,400
	<u>2,361,751</u>	<u>941,650</u>

Signed on behalf of the Board

 DIRECTOR

 DIRECTOR

\$6,818,975 \$3,551,752



## CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

For the year ended December 31, 1968

	1968	1967
Net sales . . . . .	\$10,707,424	\$7,611,816
Cost of goods sold, selling and general overhead expenses . . . . .	10,002,286	7,224,593
Depreciation . . . . .	68,379	41,079
Amortization of other assets (Note 1) . . . . .	45,500	—
Interest on long-term debt . . . . .	70,246	24,125
	<u>10,186,411</u>	<u>7,289,797</u>
Net earnings before provision for income taxes . . . . .	521,013	322,019
Provision for income taxes — current and deferred (Note 4) . . . . .	118,512	125,738
NET EARNINGS FOR THE YEAR (Note 6) . . . . .	402,501	196,281
Retained earnings at beginning of the year . . . . .	280,400	84,119
Retained earnings at end of the year . . . . .	<u>\$ 682,901</u>	<u>\$ 280,400</u>

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1968

### SOURCE OF FUNDS

From Operations	
Net earnings for the year . . . . .	\$ 402,501
Non-cash charges (credits) in arriving at net earnings	
Depreciation . . . . .	68,379
Amortization of other assets . . . . .	45,500
Deferred income taxes (Note 4) . . . . .	(55,500)
	<u>460,880</u>
Issue of common shares (Note 5) . . . . .	1,017,500
Issues of long-term debt . . . . .	1,150,000
	<u>\$2,628,380</u>

### APPLICATION OF FUNDS

Increase in working capital (Note 7) . . . . .	\$1,445,052
Investment in property, plant and equipment . . . . .	471,869
Reduction of long-term debt . . . . .	387,006
Excess of cost of shares of subsidiaries over book value of their net assets at date of acquisition (Note 1) . . . . .	245,658
Financing costs and other deferred charges . . . . .	78,795
	<u>\$2,628,380</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1968

### 1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries:

Can Do Products Ltd.  
Creurer Brothers Limited  
M & D Suppliers Ltd.  
Regina Farm Supplies Ltd.

\* Agratec Farm Equipment Ltd. (formerly Midtown Farm Equipment Ltd.)

\* Agratec Equipment Manufacturing Ltd. (formerly Bruce Nodwell Limited)

\* Versatile Implements Limited

\* During 1968 the Company acquired all the outstanding shares of these three companies.

When the cost of the shares of subsidiaries exceeds the book value of the net assets of the subsidiaries at the date of acquisition, the excess is amortized over a 10-year period.

When the value of the net assets at the date of the acquisition exceeds the cost of the shares for the subsidiaries, the accounts of the subsidiaries are restated on consolidation to reflect the cost to the Company of acquiring the subsidiaries' shares.

### 2. BANK INDEBTEDNESS

Bank indebtedness includes fully secured bank loans of \$800,000 in 1968 and \$328,000 in 1967.

### 3. LONG-TERM DEBT is made up as follows:

	1968	1967
8% serial debentures payable \$100,000 annually plus interest . . . . .	\$ 687,417	—
7% demand debentures payable \$180,000 — 1969, \$120,000 — 1970, \$90,000 — 1971 plus interest . . . . .	390,000	—
9% First Mortgage bonds — Series "A", payable \$5,000 quarterly plus interest . . . . .	170,000	190,000
6½%-7¼% Mortgages payable \$1,770 monthly plus interest . . . . .	138,470	159,490
Non-interest bearing loan . . . . .	3,813	10,986
	<u>1,389,700</u>	<u>360,476</u>
Less current portion . . . . .	<u>312,470</u>	<u>46,240</u>
	<u>\$1,077,230</u>	<u>314,236</u>

### 4. INCOME TAXES

The provision for income taxes comprises the following:

Current	
Provision by companies with taxable income . . .	\$192,612
Recoveries by companies with loss carryback applications . . . . .	(18,600)
Deferred	
Benefits expected to be realized in future years by companies with loss carry forward applications . .	(55,500)
	<u>\$118,512</u>

### 5. SHARE CAPITAL

The following transactions took place during the year:

(i) The Company's authorized capital of 350,000 Class A Common shares and 100,000 Class B common shares, all without par value, was consolidated, on a share for share basis, into one class of common shares without par value, after which each common share was sub-divided into 2.25 common shares, and the Company's authorized capital was increased to 1,250,000 common shares without par value.

(ii) 275,000 common shares of the Company were issued for cash.

### 6. STATUTORY INFORMATION

1968 1967

Operating expenses include:

Remuneration of directors including those who are officers . . . . . \$153,622 \$106,548

### 7. CHANGES IN WORKING CAPITAL

	1968	1967	Increase (Decrease)
Current assets . . .	\$5,418,929	2,889,749	2,529,180
Current liabilities . .	3,379,994	2,295,866	(1,084,128)
INCREASE IN WORKING CAPITAL . . . . .	<u>\$2,038,935</u>	<u>593,883</u>	<u>1,445,052</u>

### 8. CONTINGENT LIABILITIES

Contingent liabilities include the usual liability of equipment dealers for customer performance under finance contracts. It is the opinion of management that the foregoing will not have any material effect on the consolidated financial statements.



## AUDITORS' REPORT

The Shareholders,  
Agratec Industries Ltd.

We have examined the consolidated balance sheet of Agratec Industries Ltd. and subsidiary companies as at December 31, 1968 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Calgary, Alberta  
March 12, 1969

TOUCHE, ROSS, BAILEY & SMART  
Chartered Accountants





## AGRATEC OPERATIONS

### RETAIL DIVISION

Your Company operates three Main Line Retail Dealerships, an International Harvester Dealership in Melfort, Saskatchewan, a John Deere Dealership in Calgary, Alberta and a John Deere Dealership in Red Deer, Alberta.

In addition, the Company has five AgraMart Short Line Retail Stores. These AgraMart stores are located in Lethbridge, Calgary, Red Deer and Edmonton in Alberta, and Yorkton in Saskatchewan. Agratec manufactured products are sold in all AgraMart stores and the full line of Versatile products are sold in Lethbridge, Calgary, Edmonton and Yorkton.

### WHOLESALE DIVISION

Wholesale distribution warehouses are located in Saskatoon and Regina in Saskatchewan, and Calgary in Alberta. All Agratec manufactured products together with products from other suppliers are distributed in Alberta and Saskatchewan from these locations.

### MANUFACTURING DIVISION

Currently, Agratec products are manufactured in Calgary, Alberta and Regina, Saskatchewan. Consolidation of all manufacturing to one plant in Calgary will be completed in 1969.

## AGRATEC PRODUCTS

Pictured in this report are some of the products manufactured by Agratec Equipment Manufacturing Ltd. At present, products manufactured by this Subsidiary include:

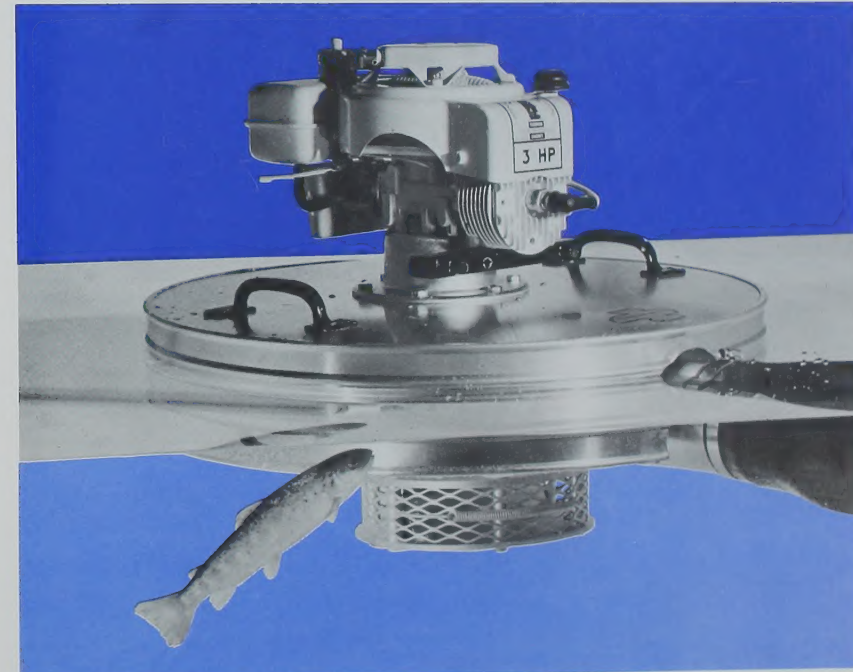
- ★ Floating Water Pumps (2 models)
- ★ Tractor Front End Loaders (5 models)
- ★ Grain Augers (3 models)
- ★ Heavy Duty Tandem Disks (3 sizes)
- ★ Tractor Utility Blades (2 sizes)

These products are sold to your Company's Wholesale Subsidiary Agratec Farm Equipment Ltd. and by it to your Company's retail stores as well as to other dealers.

In addition, our manufactured products are also marketed through independent distributors in Provinces where we are not located with our own Wholesale Branches.

The floating water pumps are presently exported to the U.S., Israel, England, France and other countries.

Our Research and Development Department are at present designing a new heavy-duty cultivator, new model grain augers and two additional sizes of heavy duty tandem disks. These new products are expected to be introduced late this year.



Pumperette KP3





Tractor Loader Series 121

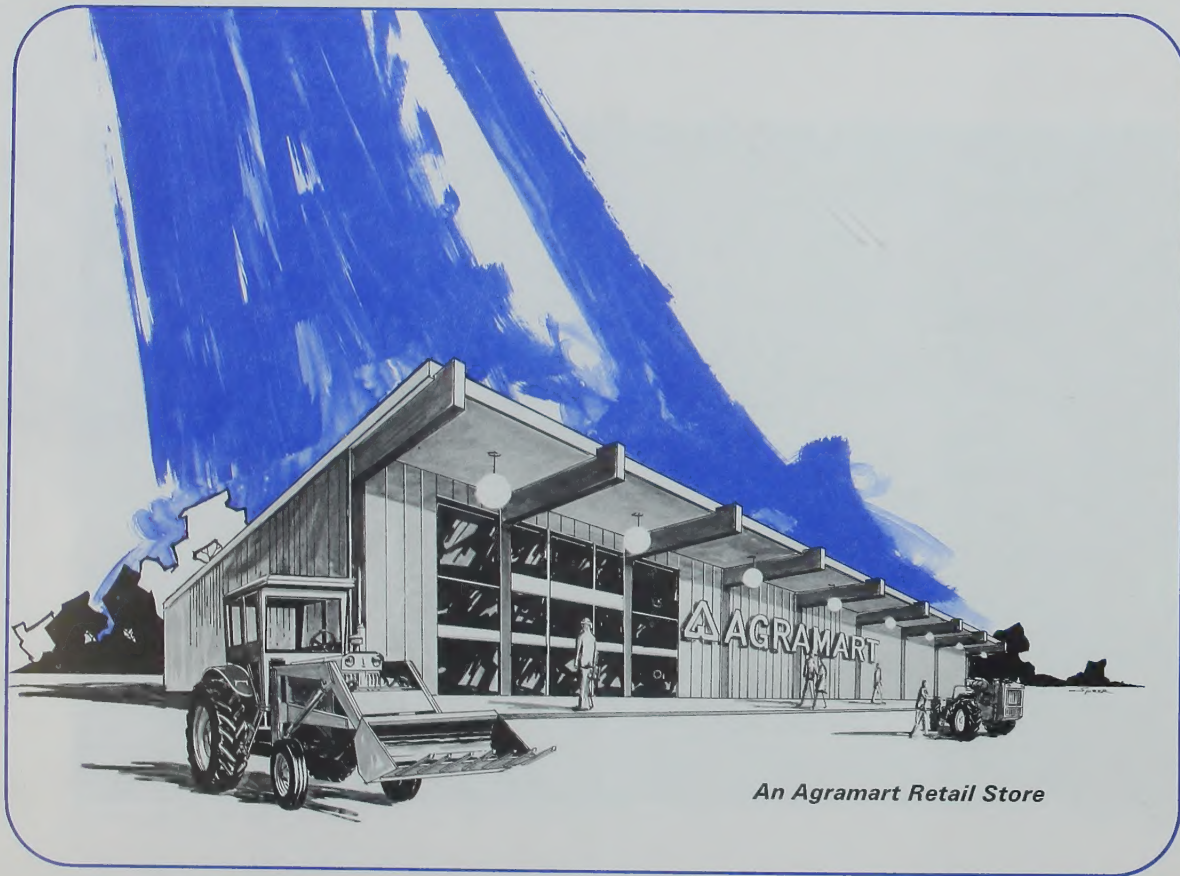


Grain Auger



Utility Dozer Blade





*An Agramart Retail Store*

**REGISTRAR AND TRANSFER AGENT**

The Canada Trust Company  
Calgary – Toronto

**BANK**

Bank of Montreal

**LEGAL**

Shannon, Rowbotham, Cook & McNiven

**AUDITORS**

Touche, Ross, Bailey & Smart

